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March 11 , 2025

Rep. Pam Marsh, Chair, and Members  
House Committee on Housing and Homelessness  
State Capitol  
Salem, OR

Re: HB 2968 - Deferred System Development Charges

Dear Chair Marsh and Committee Members:

1000 Friends of Oregon **supports** HB 2968. 1000 Friends of Oregon is a nonprofit, membership organization that works with Oregonians to support livable urban and rural communities; protect family farms, forests and natural areas; and provide transportation and housing choice. 1000 Friends of Oregon has long been involved in advocating for the full implementation of Goal 10, the statewide land use planning goal that sets the Housing objectives for our towns and cities to reach in their land use planning.<sup>1</sup>

Local jurisdictions are authorized by statute to assess system development charges (SDCs) to help cover the incremental impact on the capital costs of infrastructure made by new development on transportation; sewer, water, and stormwater systems; and/or parks. These elements of infrastructure are an essential part of making homes healthy and communities livable.

Most local governments require residential SDCs to be paid upfront at the time of permitting, the costs of which are then folded into and financed with the project's overall debt. HB 2968 would allow local governments to defer SDC payments for market rate developments until 180 days after the certificate of occupancy has been issued, and for affordable housing developers up until one year after the certificate of occupancy.

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<sup>1</sup> The primary goal statement of Goal 10 is:

"To provide for the housing needs of citizens of the state. Buildable lands for residential use shall be inventoried and plans shall encourage the availability of adequate numbers of needed housing units at price ranges and rent levels which are commensurate with the financial capabilities of Oregon households and allow for flexibility of housing location, type and density."

*We have worked with Oregonians to enhance our quality of life by building livable urban and rural communities, protecting family farms and forests, and conserving natural areas since 1974.*

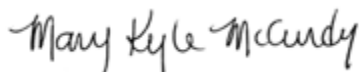
House Bill 2968 directs the Oregon Housing and Community Services (OHCS) agency to create a Municipal Development Protection Fund to cover the cost of any unpaid fees, with the Fund responsible for collecting unpaid fees from the developers. This greatly reduces the risk to local governments of SDCs going unpaid.

This program would reduce housing costs for all housing developers, and would be especially impactful for affordable housing developers. ECONorthwest, in its 2022 study [Oregon System Development Charges Study: Why SDCs Matter and How They Affect Housing](#), found that SDCs increase the cost of new housing “in ways that can skew housing development towards higher-cost homes” and that “[s]maller and lower-cost housing units tend to be more affected by SDCs than larger and more expensive homes.”<sup>2</sup> Significantly, the report also found that:

“SDCs on affordable housing development can increase the difficulty of securing adequate funding for the development and, even as a small percentage of total development costs, likely consume millions of dollars per year in funding for affordable housing statewide.”<sup>3</sup>

Almost half of Oregon's housing needs are for those with incomes at or below 80% of area median income (AMI).<sup>4</sup> Reducing even a relatively small part of the overall cost of work force and affordable housing can result in more homes being built. We urge your support for HB 2968. It is a simple, cost-effective method to ensure the costs of infrastructure are covered, reduce housing costs, and reduce risk to local jurisdictions.

Sincerely,



Associate Director

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<sup>2</sup> [Oregon System Development Charges Study: Why SDCs Matter and How They Affect Housing](#), p. ii.

<sup>3</sup> [Oregon System Development Charges Study: Why SDCs Matter and How They Affect Housing](#), p. iii.

<sup>4</sup> Oregon Department of Administrative Services, [Oregon Housing Needs Analysis Methodology](#), Figure 12, p. 36.